

Kenneth L. Cannon II, Utah Bar No. 3705
kcannon@djplaw.com
Penrod W. Keith, Utah Bar No. 4860
pkeith@djplaw.com
DURHAM JONES & PINEGAR, P.C.
111 South Main Street, Suite 2400
P O Box 4050
Salt Lake City, UT 84110-4050
Telephone: (801) 415-3000
Facsimile: (801) 415-3500

Attorneys for Empire Advisors, LLC

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:	Bankruptcy Case No. 16-24818
CS MINING, LLC,	Chapter 11
Debtor.	Honorable William T. Thurman

**DECLARATION OF DAVID J. RICHARDS IN SUPPORT OF EMPIRE
ADVISORS, LLC'S OPPOSITION, AS TO CLAIM NO. 20015, TO DEBTOR'S
SECOND OMNIBUS (SUBSTANTIVE) OBJECTION TO CERTAIN
(A) OVERSTATED, (B) MISCLASSIFIED, (C) MISCLASSIFIED
AND OVERSTATED, AND (D) NO LIABILITY CLAIMS**

The undersigned, David J. Richards, hereby declares as follows.

1. I am President and Management Member of Empire Advisors, LLC ("Empire Advisors").
2. I served as a member of the board of management (the "Board") for CS Mining, LLC (the "Debtor") from November 2011 through September 2017, when I resigned. As such, I am familiar with financial documents circulated by the Debtor's management and reviewed by members of the Board.

3. I file this declaration in support of Empire Advisors' Opposition to the Second Omnibus (Substantive) Objection to Certain (A) Overstated, (B) Misclassified, (C) Misclassified and Overstated, and (D) No Liability Claims filed March 15, 2018, dkt. no. 1235 (the "Substantive Claim Objection") filed by the Debtor, as to Claim No. 20015. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. I signed and had filed claim no. 20015 on behalf of Empire Advisors on February 16, 2017, at 1:22 p.m. in the amount of \$683,333.33 (the "Empire Advisors Claim").

5. As President and Management Member of Empire Advisors, I am familiar with the letter agreement dated October 31, 2011 (the "Letter Agreement") entered into by the Debtor, Empire Advisors, and Clarity Management, LP ("Clarity Management"). A true and correct copy of the Letter Agreement is attached hereto as Exhibit 1. The Letter Agreement provides for certain payments by the Debtor to Empire Advisors for services under the Letter Agreement, including service on the Board by a person designated by Empire Advisors. The Letter Agreement also provides for certain payments by the Debtor to Clarity Management, LP. After DXS Capital (U.S.) Limited ("DXS") invested in Skye Mineral Partners, LLC, it also entered into a letter agreement with the Debtor dated November 11, 2011, for payment of a management fee (the "DXS Letter Agreement"). Amounts recorded as expenses and accrued by the Debtor on its books and records included management fees for Empire Advisors and/or an assign. These management fees were universally understood to be for directors' fees for Board members designated by the investors. The Letter Agreement was discussed in Board meetings on multiple occasions and all major investors had a complete understanding that these directors' fees were continuing to be accrued on the financial statements of the company

6. I was the person designated by Empire Advisors to serve on the Debtor's Board. I served in that capacity from 2011 through September 2017, when I resigned. I attended Board meetings, both in person and by telephone, and otherwise actively participated as a Board member to make the Debtor successful in its business, by pursuing financing opportunities, addressing business issues, and resolving legal issues. The quarterly fees were paid in cash from when the assets were acquired in 2011 until the first quarter of 2013, but Empire Advisors did not receive the quarterly fees owing to it under the Letter Agreement of \$50,000 per quarter from the first quarter of 2013 through May 2016. The sum of missed quarterly payments is \$683,333.33. Attached hereto as Exhibit 2 is a schedule of missed payments due to Empire Advisors under the Letter Agreement on a monthly basis.

7. Attached as Exhibit 3 is a true and correct copy of relevant portions of the Debtor's audited 2014 financial statements, which I received in the ordinary course of my responsibilities as a member of the Board. Note 10 set forth therein notes that the Debtor "has management and consulting agreements with certain board members of the Company." Exhibit 3 at page 14. One of the Debtor's principal "management and consulting agreements" is the Letter Agreement.

8. Attached as Exhibit 4 is a true and correct copy of relevant pages from the "budget detail" and "budget rollup" from the Debtor's final draft budget for 2016, which I received as a member of the Board. As line 690.30 of the "budget detail" and line 690.00 of the "budget rollup" show, the Debtor budgeted \$41,667 per month for payment of the management fees reflected in Note 10 to the Debtor's 2014 audited financial reports, which includes the fees owed to (and asserted in the Empire Advisors in its claim) Empire Advisors. Marshall Cooper,

who was Chairman of the Board of the Debtor and the Board member of the Debtor designated by DXS, was also a member of the Debtor's Audit Committee. Mr. Cooper was Chairman of the Debtor and responsible for the entire budgeting process from approximately April 24, 2015.

9. Attached as Exhibit 5 is a true and correct copy of relevant pages of the Debtor's December 2015 operating report, which I received as a member of the Board which also show on line 690.00 management fees incurred in that year by the Debtor. This includes the fees owed to and asserted by Empire Advisors.

10. Based on the historical trial balances of the Debtor and various discussions with management of the Debtor, the Debtor continued to record this expense and account for Board fees, including ones owed to Empire Advisors up through at least June 2, 2016, the date when the involuntary petition was filed in the Debtor's chapter 11 case.

11. The Letter Agreement was in the Debtor's data room during the entire bankruptcy case and the Debtor and its financial advisors and external counsel were fully aware of its existence. The Board members were never advised that the Debtor opposed the fee arrangement and continue to commit the time and effort in reliance on the payment of the fees. The Board members were never advised before or after the Petition Date that the Letter Agreement might be terminated or rejected by the Debtor.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States that the foregoing statements are true and correct

Executed this 17th day of April, 2018.

/s/ David J. Richards
David J. Richards

CERTIFICATE OF SERVICE- BY NOTICE OF ELECTRONIC FILING (CM/ECF)

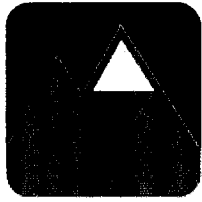
I hereby certify that on April 18, 2018, I electronically filed the foregoing DECLARATION OF DAVID J. RICHARDS IN SUPPORT OF EMPIRE ADVISORS, LLC'S RESPONSE, AS TO CLAIM NO. 20015, TO DEBTOR'S SECOND OMNIBUS (SUBSTANTIVE) OBJECTION TO CERTAIN (A)OVERSTATED, (B) MISCLASSIFIED, (C) MISCLASSIFIED AND OVERSTATED, AND (D) NO LIABILITY CLAIMS with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system. I further certify that the parties of record in this case, as identified below, are registered CM/ECF users.

- James W. Anderson jwa@clydesnow.com,jritchie@clydesnow.com
- Troy J. Aramburu taramburu@swlaw.com, nharward@swlaw.com;docket_slc@swlaw.com
- Darwin H. Bingham dbingham@scalleyreading.net, cat@scalleyreading.net
- Stephen T. Bobo sbobo@reedsmith.com
- Kyle A. Brannon kbrannon@nexsenpruet.com
- Scott S Bridge sbridge@keslerrust.com
- Martin J. Brill mjb@lnbyb.com
- Mona Lyman Burton mburton@hollandhart.com, intaketeam@hollandhart.com;slclitdocket@hollandhart.com;lc paul@hollandhart.com
- Keith A. Call kcall@scmlaw.com
- Kenneth L. Cannon kcannon@djplaw.com, khughes@djplaw.com
- Laurie A. Cayton tr laurie.cayton@usdoj.gov, James.Gee@usdoj.gov;Lindsey .Huston@usdoj.gov;Suzanne.Verhaal@usdoj .gov
- Patricia W. Christensen pchristensen@parrbrown.com
- Christopher B. Chuff chuffc@pepperlaw.com
- Joanna J. Cline clinej@pepperlaw.com
- Joseph M.R. Covey calendar@parrbrown.com
- P. Matthew Cox bankruptcy pmc@scmlaw.com
- Robert T. Denny tld@scmlaw.com, ajm@scmlaw.com
- Timothy D. Ducar tducar@azlawyers.com, orders@azlawyers.com
- Victoria B. Finlinson vbf@clydesnow.com
- Philip A. Gasteier pag@lnbyb.com
- Christopher Grivakes cg@agzlaw.com
- Robert W. Hamilton rwhamilton@jonesday.com
- M. Darin Hammond dhammond@smithknowles.com, astevenson@smithknowles.com
- George B. Hofmann ghofmann@cohnekinghorn.com, haney@cohnekinghorn.com;jthorsen@cohnekinghorn.com
- Paul C. Huck paulhuck@jonesday.com
- David W. Hunter davidh@fisherhunterlaw.com
- Evan L. James elj@cjmlv.com, kbc@cjmlv.com;ljlw@cjmlv.com
- Pedro A. Jimenez pjimenez@jonesday.com
- Michael R. Johnson mjohnson@rqn.com, docket@rqn.com;dburton@rqn.com
- Peter J. Kuhn tr Peter.J.Kuhn@usdoj.gov,

- James. Gee@usdoj.gov;Lindsey .Huston@usdoj.gov;Suzanne. Verhaal@usdoj.gov
- Brian R. Langford brian@mhmlawoffices.com, brian@mhmlawoffice.com
- David H. Leigh dleigh@rqn.com, dburton@rqn.com;docket@rqn.com
- David E. Leta dleta@swlaw.com, wkalawaia@swlaw.com;csmail1@swlaw.com
- Andrew C. Lillie andrew.lillie@hoganlovells.com
- Jessica Black Livingston jessica.livingston@hoganlovells.com
- Ralph R. Mabey rmabey@kmclaw.com
- Adelaide Maudsley amaudsley@kmclaw.com, tslaughter@kmclaw.com
- Steven J. McCardell smccardell@djplaw.com, khughes@djplaw.com
- Scott O. Mercer som@keslerrust.com
- Krikor J. Meshefejian kjm@lnbyb.com
- Elijah L. Milne emilne@djplaw.com, pbricker@djplaw.com
- Matt Munson matt@mamunsonlaw.com, chris@mamunsonlaw.com
- Sherilyn A. Olsen solsen@hollandhart.com,
slclitdocket@hollandhart.com;intaketeam@hollandhart.com;cfries@hollandhart.com
- Ellen E Ostrow eeostrow@hollandhart.com,
mkthurgood@hollandhart.com;intaketeam@hollandhart.com
- A.M. Cristina Perez Soto cperezsoto@jonesday.com
- Lester A. Perry lap@hooleking.com, apb@hooleking.com
- David L. Pinkston bankruptcy_ dl@scmlaw.com
- George W. Pratt gpratt@joneswaldo.com
- Adam H Reiser areiser@cohnkinghom.com
- Walter A Romney war@clydesnow.com
- John H. Schanne schannej@pepperlaw.com,
hemys@pepperlaw.com;molitorm@pepperlaw.com
- Chris L. Schmutz chrisschmutz.pc@gmail.com, hillaryschmutz@yahoo.com
- Jeremy C. Sink jsink@mbt-law.com
- Stephen Styler steve@stylerdaniels.com
- Richard C. Terry richard@tjblawyers.com, cbcecf@yahoo.com
- Jeff D. Tuttle jtuttle@swlaw.com, jpollard@swlaw.com;docket_slc@swlaw.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov
- Jessica P Wilde jwilde@joneswaldo.com
- Mark W Williams mwilliams@shermanhoward.com,
dfouts@shermanhoward.com;efiling@sah.com;bmcalister@shermanhoward.com
- Kim R. Wilson bankruptcy_ krw@scmlaw.com
- Laura J. Wolff ljw@cjmlv.com
- Lee E. Woodard lwoodard@harrisbeach.com
- Beth Ann R. Young bry@lnbyb.com
- P. Matthew Cox bankruptcy_pmc@scmlaw.com
- Gale K. Francis txbk13@utah.gov

/s/ Kristin Hughes
An Employee of Durham Jones & Pinegar

EXHIBIT 1



CS MINING

October 31, 2011

Clarity Management, L.P.
100 North Crescent Drive
Beverly Hills, California 90210
Fax: (310) 432-5000
Attn: Clinton W. Walker

Empire Advisors, LLC
500 South Front St., Suite 1200
Columbus, Ohio 43215
Fax: (888) 846-2353
Attn: David J. Richards

Re: Management Fees

Gentlemen:

In connection with the recent investment made by Skye Mineral Partners, LLC ("Investor") in CS Mining, LLC (the "Company"), the Company, Clarity Management, L.P. ("Clarity") and Empire Advisors, LLC ("Empire", and collectively with Clarity the "Advisors"; each of Empire and Clarity may be referred to individually as an "Advisor") agree to the terms and obligations of this letter agreement (this "Agreement"). The contractual rights granted to the Advisors herein are in addition to any rights to expense reimbursement and other rights specifically provided to the Investor, Advisors or their Members pursuant to the respective operating agreements or organizational documents of Investor and Company.

The Company hereby retains the Advisors to provide or cause to be provided, as mutually agreed by the Advisors and the board of managers of the Company, service on, and advice to the board of management and the management of the Company regarding corporate and financial strategy, potential acquisitions and divestitures, the financial management of the Company and other initiatives (the "Services").

A. CLOSING FEES AND COSTS.

As previously agreed, promptly following the execution of this Agreement, the Company shall pay each Advisor or its principals or designees its fees for services rendered in connection with the acquisition of substantially all the assets of Western Utah Copper Company and Copper King Mining Corporation (the "Acquisition") and the associated transactions, the approximate amount of which are set forth on Exhibit A attached hereto and incorporated herein

MAIN OFFICE:
1208 SOUTH 200 WEST
MILFORD, UTAH 84751

P: 435.387.5053
F: 435.387.5088
WWW.CSMINING.COM

MAILING:
P.O. Box 608
MILFORD, UT 84751

October 31, 2011

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by this reference. Such fee shall be paid by wire transfer of immediately available funds to the Advisor or its designees, or at Advisor's election, which amount may be contributed as a capital contribution to Investor or Company in accordance with Advisors' election set forth on Exhibit A in the right column. In addition, the Company shall reimburse each Advisor or its designees, by wire transfer of immediately available funds, its reasonable other fees, costs and expenses (including the reasonable fees and expenses of accountants, attorneys and other advisors retained by the Advisor) incurred in connection with the foregoing and the work associated with the Chapter 11 bankruptcy process, the Acquisition and related transactions.

B. QUARTERLY MANAGEMENT FEE; EXPENSE REIMBURSEMENT.

During the term of this Agreement, each Advisor or its designee shall be paid a quarterly management and monitoring fee for the Services equal to \$50,000 by the Company commencing as of the closing date of the Acquisition, and continuing each calendar quarter thereafter. An initial payment of \$50,000 will be made by the Company in respect of the quarter ended December 31, 2011. Thereafter, the fee shall be payable in arrears on a quarterly basis by wire transfer of immediately available funds. The fee (and any other compensation or reimbursement specified in this Agreement) will be payable by the Company regardless of the extent of Services requested by the Company pursuant to this Agreement, and regardless of whether or not the Company requests the relevant Advisor to provide any such Services. In addition, the Company shall reimburse each Advisor for all costs and expenses incurred in connection with Services rendered hereunder. Such costs and expenses shall be reimbursed promptly by the Company upon submission of a customary expense report. X

C. MISCELLANEOUS.

Term and Termination. This Agreement shall be in effect from the date hereof until terminated as provided in this paragraph. This Agreement will terminate immediately upon the earliest to occur of: (i) 30 days written notice by the Advisor of its intention to terminate this Agreement; (ii) the closing of the Company's initial firmly underwritten public offering of securities pursuant to an effective registration statement filed under the Securities Act of 1933, as amended; or (iii) the liquidation, dissolution, or winding up of the Company; or (v) the date on which no Investor owns any securities or other interests in the Company.

Indemnification. The Company shall indemnify and hold harmless the Advisors, each of their controlling persons and each director, officer, manager and employee thereof from and against any and all losses, claims, liabilities, suits, costs, damages and expenses (including attorneys' fees) arising from their performance hereunder, except as a result of their gross negligence or willful misconduct.

Independent Contractor. The Company and each Advisor agrees and acknowledges that the Advisors and each of its controlling persons and each director, officer, manager and employee thereof shall perform services hereunder as independent contractors, retaining control over and responsibility for their own operations and personnel. Neither the Advisors nor any of their controlling persons, directors, officers, managers or employees shall be considered employees or agents of the Company as a result of this Agreement or the services

MAIN OFFICE:
1208 SOUTH 200 WEST
MILFORD, UTAH 84751

CS MINING
P: 435.387.5053
F: 435.387.5088
WWW.CSMINING.COM

MAILING:
P.O. Box 608
MILFORD, UT 84751

X Sol. of Clarity magnet assigned to Clint Walker

October 31, 2011

Page 3 of 4

provided hereunder.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflicts of law.


Counterparts. This Agreement may be executed in counterparts and signature pages may be delivered by facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

CS MINING, LLC

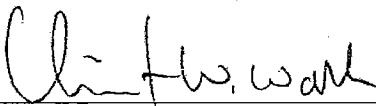
By: SKYE MINERAL PARTNERS, LLC
Title: Member

By: SKYE MINERAL INVESTORS, LLC
Title: Member

By: EMPIRE ADVISORS, LLC
Title: Manager

By: 
David J. Richards, President

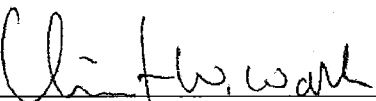
By: CLARITY COPPER, LLC
Title: Member

By: 
Clinton W. Walker, Manager


ACKNOWLEDGED AND AGREED:

ADVISORS:

CLARITY MANAGEMENT, L.P.

By: 
Clinton W. Walker, General Partner

EMPIRE ADVISORS, LLC

By: 
David J. Richards, President

MAIN OFFICE:
1208 SOUTH 200 WEST
MILFORD, UTAH 84751

CS MINING
P: 435.387.5053
F: 435.387.5088
WWW.CSMINING.COM

MAILING:
P.O. Box 608
MILFORD, UT 84751

EXHIBIT 2

Accrued Management Fees

			Empire
2013	Q1	Jan	16,666.67
		Feb	16,666.67
		Mar	16,666.67
	Q2	Apr	16,666.67
		May	16,666.67
		Jun	16,666.67
	Q3	Jul	16,666.67
		Aug	16,666.67
		Sep	16,666.67
	Q4	Oct	16,666.67
		Nov	16,666.67
		Dec	16,666.67
2014	Q1	Jan	16,666.67
		Feb	16,666.67
		Mar	16,666.67
	Q2	Apr	16,666.67
		May	16,666.67
		Jun	16,666.67
	Q3	Jul	16,666.67
		Aug	16,666.67
		Sep	16,666.67
	Q4	Oct	16,666.67
		Nov	16,666.67
		Dec	16,666.67
2015	Q1	Jan	16,666.67
		Feb	16,666.67
		Mar	16,666.67
	Q2	Apr	16,666.67
		May	16,666.67
		Jun	16,666.67
	Q3	Jul	16,666.67
		Aug	16,666.67
		Sep	16,666.67
	Q4	Oct	16,666.67
		Nov	16,666.67
		Dec	16,666.67
2016	Q1	Jan	16,666.67
		Feb	16,666.67
		Mar	16,666.67
	Q2	Apr	16,666.67
		May	16,666.67
			683,333.33

EXHIBIT 3



227 West First Street, Suite 700
Duluth, Minnesota 55802-1926
O 218.727.5025 F 218.727.1438
www.mcgladrey.com

June 12, 2015

Mr. Clint Walker, Audit Committee Chair
Skye Mineral Partners, LLC and Subsidiary
100 North Crescent Drive
Beverly Hills, CA 90210

Dear Mr. Walker:

In accordance with your request, we are attaching the accompanying PDF file, which contains an electronic final version of the consolidated financial statements of Skye Mineral Partners, LLC and Subsidiary as of December 31, 2014 and 2013. We understand that your request for the electronic copy has been made as a matter of convenience. You understand that electronic transmissions are not entirely secure and that it is possible for confidential financial information to be intercepted by others.

These consolidated financial statements and our report(s) on them are not to be modified in any manner. This final version supersedes all prior drafts. Any preliminary draft version of the consolidated financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed.

Professional standards and our firm policies require that we perform certain additional procedures whenever our reports are included, or we are named as accountants, auditors or "experts," in a document used in a public or private offering of equity or debt securities. Accordingly, as provided for and agreed to in the terms of our arrangement letter, Skye Mineral Partners, LLC and Subsidiary will not include our reports, or otherwise make reference to us, in any public or private securities offering without first obtaining our consent. Any request to consent is also a matter for which separate arrangements will be necessary. After obtaining our consent, Skye Mineral Partners, LLC and Subsidiary also agree to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when Skye Mineral Partners, LLC and Subsidiary seek such consent, we will be under no obligation to grant such consent or approval.

Thank you for the opportunity to serve you.

Sincerely,

A handwritten signature in blue ink that reads 'Brian M. Hren'.

Brian M. Hren
Assurance Partner
218.336.3127

Attachment

Skye Mineral Partners, LLC and Subsidiary

Consolidated Financial Report
With Supplementary Information
December 31, 2014

Contents

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Independent Auditor's Report

The Board of Managers
Skye Mineral Partners, LLC
Milford, UT

Report on the Financial Statements

We have audited the accompanying consolidated balance sheets of Skye Mineral Partners, LLC and Subsidiary (the Company), as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, members' equity and cash flows for the years ended December 31, 2014 and 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skye Mineral Partners, LLC and Subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years ended December 31, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

McGladrey LLP

Duluth, Minnesota
June 12, 2015

Skye Mineral Partners, LLC and Subsidiary

Consolidated Balance Sheets
Years Ended December 31, 2014 and 2013

Assets	2014	2013
Current Assets		
Cash and cash equivalents	\$ 571,615	\$ 646,550
Cash, restricted	5,285,880	-
Accounts receivable (Note 2)	406,146	565,094
Inventories (Note 3)	3,100,175	2,511,819
Prepaid expenses and other	560,992	566,666
Total current assets	9,924,808	4,290,129
Other Assets		
Available-for-sale security, restricted	-	1,294,726
Cash, restricted	2,100,920	361,425
Mining permits, net (Note 4)	807,335	870,953
Water rights	2,103,607	2,103,457
Mineral deposit development costs, net (Note 4)	10,124,972	5,827,761
Mineral interests, net (Note 4)	32,136,435	32,784,370
Other	545,625	380,310
	47,818,894	43,623,002
Property and Equipment, net (Notes 5, 6, 7, and 8)	41,190,168	36,116,609
	\$ 98,933,870	\$ 84,029,740
Liabilities and Members' Equity		
Current Liabilities		
Current maturities of long-term debt (Note 6)	\$ 3,301,463	\$ 16,910,247
Accounts payable	6,360,192	4,633,380
Accrued expenses	1,156,901	1,022,771
Total current liabilities	10,818,556	22,566,398
Long-term debt, less current maturities (Note 6)	37,457,742	2,111,760
Asset retirement obligation (Note 7)	4,513,052	3,380,723
Commitments and Contingencies (Notes 6, 7, 8, 9, 10, 11, and 12)		
Members' Equity		
Members' capital (Note 9)	45,961,827	55,641,191
Accumulated other comprehensive income	-	2,458
Skye Mineral Partners, LLC's members' equity	45,961,827	55,643,649
Noncontrolling interest	182,693	327,210
	46,144,520	55,970,859
	\$ 98,933,870	\$ 84,029,740

See Notes to Consolidated Financial Statements.

Skye Mineral Partners, LLC and Subsidiary

Notes to Consolidated Financial Statements

Note 9. Members' Capital

The Company has two classes of common units. Class A common units allow its holders one vote per unit. In addition, as defined in the limited liability company agreement, Class A common unit members are entitled to certain liquidation preferences upon dissolution and have the right to appoint managing board members. Class B common units are reserved for management and are nonvoting units, without liquidation preferences upon dissolution, and do not allow its holders to appoint managing board members.

At the discretion of the Board of Managers, the Company may grant up to 5,250 nonvoting Class B units to employees, independent contractors, or other service providers of the Company or its affiliates. Each award grant is subject to the terms and conditions as set forth in the agreement reached with the individual recipient as approved by the Board of Managers.

There were 52,244 and 50,013 Class A common units issued and outstanding at December 31, 2014 and 2013, respectively. There were 2,125 and 2,500 Class B common units issued and outstanding at December 31, 2014 and 2013, respectively.

On January 19, 2012, the Company granted 2,500 Class B units to certain key employees of CS Mining. In October 2014, one of these key employees entered into a settlement and release agreement with the Company and terminated employment. As part of this settlement and release agreement, 375 of the key employee's units granted were forfeited and the remaining units granted became fully vested and owned by the key employee. Also in October 2014, a separate key employee with granted units entered into a new employment agreement with the Company. As part of this new employment agreement, all units granted to the employee on January 19, 2012 became fully vested and owned by the key employee. Subsequent to the year ended December 31, 2014, on January 27, 2015, under the terms of the new employment agreement with this key employee the Company granted 540 Class B units to this key employee. A certain number of these 540 Class B units issued will vest over the passage of time, with continued employment at CS Mining, while other remaining amounts vest if certain performance targets are met. Management has assumed that all unvested Class B units will ultimately vest and has determined the fair value of all Class B units granted to be de minimus. As a result, the Company has not recognized compensation expense in the consolidated financial statements associated with these Class B units granted.

Class B unit activity for the year ended December 31, 2014 and 2013, is summarized as follows:

	Units Granted	Units Vested
Outstanding at December 31, 2012	2,500	312
Class B units vested	-	416
Outstanding at December 31, 2013	2,500	728
Class B units vested	-	1,397
Class B units forfeited	(375)	-
Outstanding at December 31, 2014	2,125	2,125

Note 10. Related-Party Transactions

The Company has management and consulting agreements with certain board members of the Company. Total fees incurred in accordance with the agreements are included in operating expenses and totaled approximately \$650,000 and \$800,000 for the years ended December 31, 2014 and 2013, respectively.

The Company has a Capex Line with a certain member of the Company. See Note 6. Interest expense incurred was approximately \$2,383,000 in 2014 and \$1,117,000 in 2013.

EXHIBIT 4

Total 580,000 · INVENTORY & DEVELOPMENT
Total 500,000 · PRODUCTION COSTS
605,000 · RESEARCH & DEVELOPMENT

Total COGS
Gross Profit
Expense

600,000 · ADMINISTRATION - SITE G&A

605,100 · SITE G&A
605,300 · ACCOUNTING
605,400 · PURCHASING / WAREHOUSING
605,500 · INFORMATION SYSTEMS
605,600 · HUMAN RESOURCES
605,700 · SAFETY & SECURITY
605,800 · ENVIRONMENTAL
605,900 · LEGAL

Total 600,000 · ADMINISTRATION - SITE G&A

680,000 · INTEREST

690,000 · OTHER EXPENSE

695,000 · DEPRECIATION EXPENSE

698,000 · DEPLETION EXPENSE

Total Expense

Net Ordinary Income

Other Income/Expense

Other Income

700,000 · OTHER INCOME

Total Other Income

Other Expense

800,000 · Donation

820,000 · Amortization Expense

Total Other Expense

Net Other Income

Net Income

Adjustments to EBITDA

Interest

Depletion

Depreciation

Other expenses

Net Adjustments

EBITDA

Net Cash needed for Debt Service

Net Cash needed for Operating and Sustaining Capital

Cash Increase(Decrease) Monthly

Cumulative Cash Contribution(Need)

Net Cash needed for Exploration Capital

Cash Increase(Decrease) Monthly after Exploration

Cash Inflows

Cash Need for Payable Reduction

Unpaid Director's Fees

Cumulative Cash Contribution(Need) after Exploration

-6,900,000

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-310,992	-3,731,908
	1,447,164	1,388,996	1,974,119	1,963,611	2,173,790	2,251,110	2,382,193	2,437,403	2,378,582	2,327,966	2,301,163	2,124,715	25,150,811
	1,447,164	1,388,996	1,974,119	1,963,611	2,173,790	2,251,110	2,382,193	2,437,403	2,378,582	2,327,966	2,301,163	2,124,715	25,150,811
	-757,466	-218,365	424,228	568,559	2,043,535	2,000,426	2,187,470	2,247,422	1,996,259	2,299,591	2,136,613	1,949,171	16,877,443
	126,554	133,827	133,827	133,827	133,827	133,827	133,827	133,827	133,827	133,827	133,827	133,827	1,598,648
	57,928	57,928	57,928	57,928	57,928	57,928	57,928	57,928	57,928	57,928	57,928	57,928	695,138
	4,826	4,826	4,826	4,826	4,826	4,826	4,826	4,826	4,826	4,826	4,826	4,826	57,909
	20,592	20,592	20,592	20,592	20,592	20,592	20,592	20,592	20,592	20,592	20,592	20,592	247,101
	18,812	18,812	18,812	18,812	18,812	18,812	18,812	18,812	18,812	18,812	18,812	18,812	225,748
	66,930	66,930	66,930	66,930	66,930	66,930	66,930	66,930	66,930	66,930	66,930	66,930	803,154
	7,137	7,137	7,137	7,137	7,137	7,137	7,137	7,137	7,137	7,137	7,137	7,137	85,640
	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784	14,784	177,406
	317,562	324,835	324,835	324,835	324,835	324,835	324,835	324,835	324,835	324,835	324,835	324,835	3,890,745
	9,028	8,853	8,678	8,502	8,326	16,113	16,009	15,498	14,985	14,470	13,953	13,434	147,847
	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	500,000
	505,526	505,526	505,526	505,526	505,526	505,526	505,526	505,526	505,526	505,526	505,526	505,526	6,066,314
	146,789	146,789	146,789	146,789	146,789	146,789	146,789	146,789	146,789	146,789	146,789	146,789	1,761,471
	1,020,572	1,027,670	1,027,495	1,027,319	1,027,143	1,034,930	1,034,826	1,034,314	1,033,801	1,033,286	1,032,769	1,032,251	12,366,376
	-1,778,038	-1,246,035	-603,267	-458,760	-1,016,392	965,496	1,152,644	1,213,108	962,457	1,266,305	1,103,843	916,920	4,511,067
	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	69,083
	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	5,757	69,083
	630	630	630	630	630	630	630	630	630	630	630	630	7,560
	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	64,141
	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	5,975	71,701
	-218	-218	-218	-218	-218	-218	-218	-218	-218	-218	-218	-218	-2,618
	-1,778,256	-1,246,253	-603,485	-458,978	-1,016,174	965,278	1,152,426	1,212,890	962,239	1,266,087	1,103,625	916,702	4,508,448
	-9,028	-8,853	-8,678	-8,502	-8,326	-16,113	-16,009	-15,498	-14,985	-14,470	-13,953	-13,434	-147,847
	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-146,789	-1,761,471
	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-505,526	-6,066,314
	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-47,642	-571,701
	-708,985	-708,810	-708,635	-708,460	-708,283	-716,070	-715,966	-715,455	-714,942	-714,427	-713,910	-713,391	-8,547,333
	-1,069,271	-537,443	-105,150	-249,482	-1,724,457	1,681,348	1,868,392	1,928,344	1,677,181	1,980,513	1,817,535	1,630,093	13,055,782
	70,919	70,919	70,919	70,919	70,919	163,550	166,196	166,196	166,196	166,196	166,196	166,196	1,515,321
	3,000	84,000	447,985	642,944	757,130	382,500	243,833	650,727	924,667	706,014	215,667	255,667	5,314,133
	-1,143,190	-692,362	-413,754	-464,381	896,408	1,135,298	1,458,362	1,111,422	586,318	1,108,303	1,435,672	1,208,230	6,226,328
	-1,143,190	-1,835,551	-2,249,305	-2,713,686	-1,817,278	-681,980	776,383	1,887,804	2,474,122	3,582,425	5,018,097	6,226,328	
	0	0	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	255,000
	-1,143,190	-692,362	-439,254	-489,881	870,908	1,109,798	1,432,862	1,085,922	560,818	1,082,803	1,410,172	1,182,730	5,971,328
	4,750,000	1,500,000											
	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-1,725,000	-6,900,000
	-1,143,190	2,914,449	2,250,195	35,314	-818,778	-1,433,980	-1,117	-742,196	-181,378	901,425	2,311,597	3,494,328	

EXHIBIT 5



CS MINING

MONTHLY OPERATING REPORT DECEMBER 2015

Page	
2	Production & Cost Data
3	Grade & Recovery
4	Results of Operation
5	Summary P&L by Month
6	Balance Sheet
Appendix	Production Graphs

To: David McMullin, CEO
Fr: Darin Malchus, VP Finance

Distribution:

Clint Walker
David J. Richards
Marshall Cooper
David V. Richards
Stacey Riggs
Tim Haggerty
Ken Leachman
Ann-Louise Taylor

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CS MINING

Profit & Loss

January through December 2015

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Ordinary Income/Expense													
400.00 • REVENUES													
400.10 • Copper	1,926,832	1,794,427	1,680,249	2,043,934	1,875,589	1,738,292	1,941,575	1,819,076	1,357,291	1,192,377	710,080	592,122	18,671,844
400.20 • Silver	408,493	428,436	372,566	475,180	343,465	321,243	358,315	331,741	206,538	174,242	61,935	65,874	3,548,028
400.30 • Gold	285,401	353,294	271,294	283,004	190,248	139,094	116,569	112,816	85,087	78,909	59,384	50,928	2,026,027
490.00 • Adj for Settlement Reserve	-90,281	-81,504	60,520	-13,813	24,470	7,772	43,860	-22,491	56,678	93,600	-2,359	-12,098	64,350
Total 400.00 • REVENUES	2,530,445	2,494,653	2,384,630	2,788,305	2,433,771	2,206,401	2,460,320	2,241,143	1,705,594	1,539,127	829,041	696,825	24,310,254
Total Income	2,530,445	2,494,653	2,384,630	2,788,305	2,433,771	2,206,401	2,460,320	2,241,143	1,705,594	1,539,127	829,041	696,825	24,310,254
Cost of Goods Sold													
500.00 • PRODUCTION COSTS													
505.000 • MINING OPERATIONS	418,860	582,585	440,481	577,315	440,108	525,921	470,806	518,861	497,542	360,809	452,722	463,840	5,749,849
510.000 • MAINTENANCE SHOP	139,399	132,024	159,692	141,083	167,234	168,789	199,825	158,208	162,435	151,052	159,989	163,120	1,902,630
515.000 • MILLING OPERATIONS	840,296	830,155	850,362	847,370	773,180	963,710	908,665	891,812	1,021,079	862,155	898,277	875,366	10,562,628
570.000 • SELLING & PROCESSING	485,967	452,583	379,633	530,814	428,771	426,331	548,709	490,533	327,319	292,197	225,052	187,091	4,775,501
580.000 • INVENTORY & DEVELOPMENT	-181,660	-299,905	-95,813	-273,233	-130,084	-324,212	-374,344	-320,165	-325,400	-205,412	-235,233	-421,110	-3,186,571
Total 500.00 • PRODUCTION COSTS	1,702,862	1,697,443	1,734,356	1,823,349	1,679,209	1,760,540	1,753,661	1,739,249	1,682,975	1,460,800	1,500,807	1,268,306	19,803,557
Total COGS	1,702,862	1,697,443	1,734,356	1,823,349	1,679,209	1,760,540	1,753,661	1,739,249	1,682,975	1,460,800	1,500,807	1,268,306	19,803,557
Gross Profit	827,583	797,210	650,274	964,956	754,563	445,861	706,659	501,894	22,618	78,327	-671,766	-571,481	4,506,697
Expense													
600.000 • SITE G&A	258,665	249,083	298,198	303,450	347,801	283,681	260,135	229,292	227,943	289,028	244,621	277,471	3,269,348
670.000 • INTEREST & FINANCE CHARGES	363,384	333,782	295,735	389,017	303,251	295,308	306,837	310,165	301,200	315,730	306,212	321,595	3,842,270
680.000 • TAXES, INSURANCE & PERMITS	22,338	33,207	21,582	26,613	21,221	23,901	22,603	57,432	32,930	14,548	24,662	25,062	326,438
690.000 • OTHER EXPENSE	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	41,667	500,900
695.000 • DEPRECIATION EXPENSE	364,350	330,394	366,484	356,187	371,927	391,136	506,934	504,816	495,049	516,714	501,901	519,505	5,225,397
698.000 • DEPLETION EXPENSE	246,035	581,961	721,682	1,128,441	803,111	651,687	552,281	287,231	80,094	73,043	113,222	150,235	5,389,023
Total Expense	1,296,438	1,570,094	1,745,347	2,245,374	1,888,978	1,687,380	1,690,457	1,430,602	1,178,882	1,250,730	1,232,285	1,335,535	18,552,102
Net Ordinary Income	-468,855	-772,884	-1,095,074	-1,280,418	-1,134,415	-1,241,519	-983,799	-928,708	-1,156,264	-1,172,403	-1,904,051	-1,907,016	-14,045,406
Other Income/Expense	-5,653	-4,980	-9,403	-6,440	-6,403	39,729	-5,403	-5,653	-6,269	35,868	-5,229	2,579	22,741
Net Income	-474,509	-777,864	-1,104,477	-1,286,858	-1,140,818	-1,201,790	-989,202	-934,361	-1,162,533	-1,136,536	-1,909,280	-1,904,437	-14,022,664

Desc Main

Case 16-24110

Doc 1296

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